

## Message Text

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ACTION L-03

INFO OCT-01 EUR-25 ISO-00 CEA-02 FRB-03 FCSC-01 EB-11 SS-20

NSC-07 CIEP-03 SP-03 OMB-01 CIAE-00 INR-11 NSAE-00

RSC-01 TRSE-00 COME-00 DRC-01 /093 W

----- 059050

R 181543Z SEP 74

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 2030

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY PRAGUE

AMCONSUL ZURICH

C O N F I D E N T I A L SECTION 1 OF 2 BRUSSELS 7174

BONN FOR CORWLEY

E.O. 11652: GDS

TAGS: EFIN BE CZ

SUBJECT: GOLD COMMISSION - CZECH CASE

REF: (A) BRUSSELS 5133

(B) BRUSSELS 6925

1. SUMMARY -- AT U.S. REQUEST, TRIPARTITE GOLD COMMISSION HELD SCHEDULED MEETING SEPTEMBER 17 AND DISCUSSED THE PROCEDURAL PROBLEMS RELATED TO CZECH CASE. PRIOR TO MEETING, DEPUTY AMERICAN COMMISSIONER CONFERRED AT LENGTH WITH SEC GEN WATSON AND WAS ABLE TO CLARIFY WATSON'S THINKING ON SEVERAL KEY POINTS.

2. PRIVATE MEETING ALSO HELD PRIOR TO SESSION WITH BRITISH COMMISSIONER AT WHICH HE INFORMED US HIS INSTRUCTIONS WOULD PERMIT HIM TO AGREE WITH U.S. IN MEETING ON ALL POINTS BUT THAT POSITION WORKED OUT WOULD HAVE TO BE REFERRED  
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TO LONDON FOR FINAL APPROVAL. (DURING THE MEETING

ITSELF, HE REMAINED FAIRLY SILENT.)

3. FRENCH COMMISSIONER VERY FIRM IN HIS INITIAL OPPOSITION TO U.S. DESIRES ON OPENING AN ACCOUNT IN ZURICH, ON SIGNING LAST, AND ON A SINGLE SESSION EXCHANGE WITH CZECHS. AFTER LENGTHY DISCUSSION, HOWEVER, HE CAME AROUND ON ALL SIGNIFICANT POINTS WHILE U.S. DEPUTY COMMISSIONER FORCED TO CONCEDE ON WHAT APPEARED TO HIM TO BE ONLY MINOR POINTS.

4. ACTION REQUESTED: DEPARTMENT'S APPROVAL OF COMPROMISES WORKED OUT AND DESCRIBE BELOW.  
END SUMMARY.

5. OPENING A TGC ACCOUNT IN ZURICH--THE FRENCH COMMISSIONER (LABRY) SAID THAT ALTHOUGH HE WISHED A SPEEDY WIND-UP OF THE TGC'S LAST FEW CASES, HE THOUGHT THE AMERICAN PROPOSALS (I.E. ANNEX A) FOR THE CZECH CASE WERE EXCESSIVE AND IMPOSED TOO MUCH UPON THE OTHER MEMBERS OF THE TGC. HE URGED THAT THE TRANSACTION TAKE PLACE IN BELGIUM AT THE BANQUE NATIONALE AS BEING A MORE CONVENIENT LOCATION.

6. AMERICAN DEPUTY COMMISSIONER ARGUED WITH LABRY AND SECGEN FOR ALMOST AN HOUR ON THIS ONE POINT AND EVENTUALLY A COMPROMISE WAS WORKED OUT AS FOLLOWS: AN ACCOUNT FOR THE GOLD WOULD BE OPENED AT THE SBC IN ZURICH BY THE THREE EMBASSIES IN BERN RPT BERN. THE ACCOUNT WOULD BE IN THE NAME OF THE THREE GOVERNMENTS (NOT TGC) AND OPERATED EXCLUSIVELY AND JOINTLY BY THE THREE TGC COMMISSIONERS. (LABRY AND WATSON ACCEPT THIS AS GIVING ADEQUATE IMMUNITY FOR THE ACCOUNT.)

7. IT WAS FURTHER AGREED THAT BEFORE OPENING THE ACCOUNT EACH OF THE THREE GOVERNMENTS WILL BRIEFLY INFORM THE SWISS EMBASSY IN THEIR RESPECTIVE CAPITALS OF THE PURPOSE FOR WHICH THE ACCOUNT IS TO BE OPENED.

8. THE SWISS BANKING CORPORATION IN ZURICH WILL BE REQUESTED BY THE COMMISSIONERS TO WORK OUT DIRECTLY WITH  
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THE CZECHS ALL ARRANGEMENTS TO COVER ALL THE COSTS OF MOVING THE GOLD FROM NEW YORK AND LONDON PLUS ALL OTHER EXPENSES IN CONNECTION WITH THE ACCOUNT. THE SBC MUST UNDERTAKE TO HAVE NO RECOURSE TO THE THREE GOVERNMENTS OR THE TGC FOR ANY RPT. ANY EXPENSES IN CONNECTION WITH THE TRANSPORTATION, INSURANCE, CUSTODIAL FEES, ETC., ETC. ANY GUARANTEES IT REQUIRES MUST BE OBTAINED DIRECTLY FROM THE CZECHS.

9. IN OTHER WORDS, THE TGC WILL RETAIN FULL CONTROL AND FULL RIGHT OF DISPOSITION OVER THE GOLF ITSELF AT THE SBC UNTIL IT IS TURNED OVER TO THE CZECHS. THE CZECHS WILL BE RESPONSIBLE DIRECTLY TO THE SBC FOR ANY AND ALL EXPENSES ARISING FROM THE MOVEMENT OR HOLDING OF THE METAL TO OR IN ZURICH.

10. SINGLE SESSION OF THE TGC--THE FRENCH COMMISSIONER STATED HIS VERY FIRM INSISTENCE ON ALLOWING THE CZECHS AN OPPORTUNITY TO READ AND UNDERSTAND THE ADJUDICATION (AND THUS IMPLY ACCEPTANCE) BEFORE THEY REPLY TO THE TGC'S LETTER OF ANNOUNCEMENT. HE THOUGHT A WEEK WAS A REASONABLE TIME IN THIS CASE.

11. DEPUTY U.S. COMMISSIONER PRESSED U.S. VIEW THAT NO ACCEPTANCE NECESSARY BY CZECHS AND THAT SINGLE SESSION IMPORTANT TO US AND CZECHS. COMPROMISE WORKED OUT AS FOLLOWS: AT SESSION, WHEN ANNOUNCEMENT LETTER AND ADJUDICATION HANDED OVER TO CZECH REPRESENTATIVE, TGC CHAIRMAN (LABRY) WOULD EXPRESS WISH CZECHS REPLY PROMPTLY TO ANNOUNCEMENT LETTER.

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BONN FOR CROWLEY

12. CZCEHS (HAVING AGREED IN ADVANCE TO DO SO) WOULD REPLY THAT A DELAY IS NOT REQUIRED BY THEM RPT. THEM AND THAT THEY ARE PREPARED TO REPLY AT ONCE. THE CHAIRMAN WOULD THEN, ACCEDING TO CZECH RPT CZECH WISHES IN THIS MATTER, WILL CONTINUE THE SESSION.

13. NOTE: U.S. STILL HAS SECURE POSSESSION OF THE GOLD AT THIS POINT BECAUSE U.S. COMMISSIONER WILL NOT YET HAVE SIGNED DELIVERY ORDER C.F. ALBANIAN CASE IN WHICH ADJUSTICATION SIGNED LONG AGO BUT GOLD STILL BEING HELD BY TGC BECAUSE UK, INTER ALIA, WILL NOT SNG A DELIVERY ORDER.

14. NEED TO SIGN ADJUDICATION AND PROCESS IT BEFORE MEETING CZECHS -- FRENCH COMMISSIONER SIAD HE COULD NOT AGREE TO U.S. TAKING EVEN TEMPORARY POSSESSION OF TGC DOCUMENTS AFTER SIGNATURE OF ADJUDICATION (PARA ONE, BRUSSELS 6794 AND PARA 2A, STATE 195885). IT IS A CONFIDENTIAL

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MATTER OF PRINCIPLE TO LABRY THAT TGC DOCUMENTS REMAIN IN TGC POSSESSION AT ALL TIMES.

15. COMPROMISE WORKED OUT AS FOLLOWS: AFTER SIMULTANEOUS SIGNINF OF ADJUDICATION BY THE THREE COMMISSIONERS (UPON EVENTUAL RECEIPT OF INSTRUCTIONS AND A WEEK OR SO IN ADVANCE OF THE MEETING WITH THE CZECHS). THE TGC WILL REQUEST THE AMERICAN COMMISSIONER TO ASSIST THE SECGEN, "AS HAS LONG BEEN CUSTOMARY" IN THE REPRODUCTION, BINDING, ETC., ETC. OF THE DOCUMENTS. U.S. WILL THEN CARRY OF THE DOCUMENTS TO OUR EMBASSY FOR PROCESSING ON BEHALF OF THE SECGEN AS A PORT OF OUR ASSISTANCE TO THE TGC -- A MATTER NORMALLY BENEATH THE NOTICE OF COMMISSIONERS. IN OTHER WORDS, WE SHALL HAVE THE DOCUMENTS IN HAND IN FACT IF NOT THEORY.

16. OTHER POINTS AGTEED UPON -- AT THE URGING OF THE FRENCH COMMISSIONER, THE TGC AGREED THAT GREAT SECRECY MUST SURROUND THE MOVEMENT OF THE GOLD SO THAT UNDESIRABLE INDIVIDUALS AND GROUPS DO NOT SEEK TO INTERFERE WITH ITS SAFE JOURNEY. IT WAS ALSO AGREED THAT THE CZECHS SHOULD NOT BE INFORMED OF ANYTHING WHICH TRANSPIRED. AT THE SEPT 17 TGC MEETING.

17. ACTION REQUESTED: THAT THE DEPARTMENT APPROVE THE THREE COMPROMISES WORKED OUT ABOVE, I.E. ON OPENING

THE ACCOUNT IN ZURICH, ON THE CONDUCT OF THE SINGLE  
SESSION (I.E. THE QUESTION OF CZECH "ACCEPTANCE") AND  
ON THE SECURITY OF THE SIGNED ADJUDICATION.FIRESTONE

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## Message Attributes

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